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## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, Issue #31

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**Report Highlights:**

U.S. FILES WTO CASE AGAINST MEXICO'S ANTIDUMPING DUTIES ON U.S. BEEF AND RICE EXPORTS\* U.S. WTO CASE CLAIMING UNJUSTIFIED ANTIDUMPING DUTIES ON RICE UNFOUNDED\* THE GOM WILL JUSTIFY ANTIDUMPING DUTIES ON U.S. RICE AND BEEF\* ON BUREAUCRATIC DISTRIBUTION OF AGRICULTURAL SUPPORTS\* MEXICAN POULTRY PRODUCTS SOON TO BE EXPORTED TO THE U.S.\* MEXICAN SENATE INTENSIFIES PRESSURES TO REVISE NAFTA\* BAN ON CHILEAN POULTRY SEEMS TO BE OVER\* FERTILIZER PRICE INCREASE FOR 2003\* SUPPORT TO MEXICAN COUNTRYSIDE STALLS\* FARMER ORGANIZATIONS PLAN MARCHES AND BORDER BLOCKAGES

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Includes PSD Changes: No

Includes Trade Matrix: No

Unscheduled Report

Mexico [MX1]

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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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### **U.S. FILES WTO CASE AGAINST MEXICO'S ANTIDUMPING DUTIES ON U.S. BEEF AND RICE EXPORTS**

On June 17, 2003, U.S. Trade Representative Robert B. Zoellick announced that the United States is filing a WTO case against Mexico in connection with Mexico's antidumping orders on U.S. beef and white long grain rice. "Since NAFTA, Mexico has become our third largest market for food and agricultural products. It is unfortunate that we could not resolve these matters bilaterally. But, we have been patient and now must ensure that the trade agreements are fully enforced," said Agriculture Secretary Ann M. Veneman. (Source: La Jornada; 06/17/2003)

### **U.S. WTO CASE CLAIMING UNJUSTIFIED ANTIDUMPING DUTIES ON RICE UNFOUNDED**

According to Alejandro Díaz-Hartz, President of the Rice Producers Union in Mexico, the WTO case that the U.S. Government filed against Mexico in connection with Mexico's antidumping duties on U.S. white long grain rice is unnecessary, since more than 95 percent of those imports are tariff free. Moreover, he said, the sanctioned companies with antidumping duties have not exported to Mexico for a while. (Source: El Financiero; 07/18/2003)

### **THE GOM WILL JUSTIFY ANTIDUMPING DUTIES ON U.S. BEEF AND RICE**

The Government of Mexico (GOM) would be willing to revise the antidumping duties imposed on U.S. beef and white long grain rice, should the WTO rule in this regard, the head of the International Trade Practices (UPCI) of the Secretariat of Economy, Alejandro Gomez Strozzi, pointed out. However, Gomez Strozzi also stated that first Mexico will demonstrate extensively before the WTO why these antidumping duties were imposed on these U.S. products. Also, he said that these antidumping measures were totally justified and backed up by international regulations (Source: El Financiero, El Universal; 07/18/2003)

### **BUREAUCRATIC DISTRIBUTION OF AGRICULTURAL SUPPORTS**

According to Juan Antonio Fernandez Ortiz, General Coordinator of Procampo, even though this support program was to stop operations in 2008, the GOM will continue funding it to the tune of almost 12 billion pesos (roughly U.S. \$1.2 billion). (NOTE: Procampo provides direct cash payments at planting time on a per hectare basis to growers of major crops). After 2008, Procampo resources will be added to the total supports for rural development, he

said. Currently 12 Mexican ministries manage approximately 117 billion pesos (U.S. \$ 11.7 billion) in rural development supports, the result of which has been inter-ministerial feuding over funding and duplication of efforts. The GOM is now weighing the option of just one ministry being in charge of these rural development supports (Source: EL Financiero; 06/16/2003)

#### **MEXICAN POULTRY PRODUCTS SOON TO BE EXPORTED TO THE U.S.**

According to the Mexican Poultry Producers Association, the Yucatan region could be exporting poultry products to the U.S. by August 2003. After four years of difficult official procedures with the U.S. there is now a possibility of exporting about 600 MT of different products such as chicken breast, nuggets, chicken hamburgers, fried chicken wings, and poultry cuts to the United States. The Mexican poultry industry is just waiting for the U.S. inspectors to go through their final inspections in Yucatan. (Source: Financiero, la Jornada 06/17/03)

#### **MEXICAN SENATE INTENSIFIES PRESSURES TO REVISE NAFTA**

The president of the Mexican Senate, Enrique Jackson-Ramirez, said that although U.S. congressional members oppose the renegotiation of NAFTA, the Mexican parliamentarian would intensify efforts to revise that agreement, particularly with regard to agriculture. Jackson also said that in July, Mexican congresspersons are going to have meetings with their U.S. counterparts to analyze specific points of the trilateral agreement. In reference to the renegotiation, the Secretary of Economy, Fernando Canales, clarified that the GOM is not planning on modifying the NAFTA agreement with the United States and Canada. (Source: EL Financiero; 06/17/2003)

#### **BAN ON CHILEAN POULTRY SEEMS TO BE OVER**

According to the press, Mexico has lifted the ban it had placed on imported Chilean poultry products due to the avian influenza (AI) outbreak that Chile experienced more than a year ago. On September 2002, the European Union resolved to reopen its market to Chilean poultry after it had originally been banned because of AI. The International Organization of Epizootics has since recognized Chile as free of AI. (Source: Financiero 06/16/03)

#### **FERTILIZER PRICE INCREASE FOR 2003**

The high costs of fertilizers in Mexico and lack of credit could affect production of grains, fruits and vegetables. Domestic production of fertilizers is low due to a lack of financial support and limited availability of natural gas. According to producers, prices increased on average 17.4 percent during 2003. Urea, for example, increased 5.9 percent from 2002, triple super phosphate increased 43 percent, and ammonium sulfates increased 32.5. These price increases reflect the price increase in natural gas after the Iraq war. Imported fertilizers account for more than 50 percent of Mexico's total fertilizer consumption. (Source: Reforma 06/16/03)

#### **SUPPORT TO MEXICAN COUNTRYSIDE STALLS**

The Government of Mexico (GOM) has not complied with most of the established terms to fulfill the commitments agreed upon in the National Agreement on Agriculture (NAA), "That's the reason why the current planting season is on an obligatory stand-by, because not a single Mexican peso has been applied to any of the 46 agricultural programs under NAA", said leaders from several farmers' associations. The GOM has recognized that there has been a delay in the emission of the rules of operation of the agricultural programs, due to internal

administrative approval procedures. "This is why, after the signing of the NAA a month or so ago, the rules have not yet been published", said Roberto Newell Garcia, SAGARPA Under Secretary for Agricultural Business. (Source: La Jornada; 06/12/2003)

#### **FARMER ORGANIZATIONS PLAN MARCHES AND BORDER BLOCKAGES**

Even though the draft of the National Agreement on Agriculture's rules of operation were concluded on May 28, the Government of Mexico (GOM) has not published them officially due to internal differences between the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) and the Secretariat of Treasury (SHCP), said Martin Solis and Alfonso Ramirez Cuellar from "El Barzon" and "El Campo No Aguanta Mas", respectively. Moreover, "the edict to initiate consultations to evaluate NAFTA has not been announced nor has the official request to apply safeguards to US & Canadian dry edible beans." The same leaders announced, "If the situation gets critical, several agricultural organizations are planning protests movements and marches and, would even be taking over international bridges at the border to press the GOM for the publication of the rules." (Source: Excelsior; 06/12/2003)

#### **REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY**

| <b>Number</b> | <b>Title</b>                                   | <b>Date</b> |
|---------------|--|-------------|
| MX3080        | Hot Bites Issue #30                            | 6/11/03     |
| MX3081        | Mexico's Testing Requirements for Heavy Metals | 6/12/03     |
| MX3082        | Asparagus Annual                               | 6/13/03     |
| MX3083        | Sugar Production Update 02/03                  | 6/17/03     |

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